

**PROPOSAL TO**

**IOWA DEPARTMENT OF**

**GENERAL SERVICES**

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**INVITATION TO QUALIFY FOR**

**INFORMATION TECHNOLOGY SERVICE PROVIDER**

**#BD80200S102 v 1.0**



**August 12, 2002**

**Client:**

**Iowa Dept. of General Services**  
Hoover State Office Building, Level A  
Des Moines, IA 50319-0105  
Contact: Ashley Super  
Phone: (515) 281-7073  
Email: [Ashley.Super@dgs.STATE.ia.us](mailto:Ashley.Super@dgs.STATE.ia.us)

**Researched and Prepared by:**

**ABC Virtual Communications, Inc.**  
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**This document contains confidential information that is proprietary to Iowa Dept. of General Services  
and ABC Virtual Communications, Inc.**

# ITQ Response for Information Technology Services

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# ITQ Response for Information Technology Services

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## COVER LETTER

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Ms. Ashley Super  
Purchasing Agent III and Issuing Officer  
Iowa Department of General Services  
Hoover State Office Building – Level A  
Des Moines, IA 50319-0105

Dear Ms. Super:

Thank you for considering us for participation in your Invitation to Qualify for Information Technology Service Providers.

ABC Virtual Communications, Inc. (ABCV) specializes in providing quality Java-based consulting services, e-CRM business products, and application hosting services. Since the inception of Java, ABCV has embraced this technology platform and used it as our tool of choice in almost every solution we have delivered. With a local staff of over 80 people focusing specifically on open systems and Internet-based e-Business solutions, ABCV has built long-term strategic partnerships with several major organizations. Current clients include Pioneer Hi-Bred, the State of Iowa, Wells Fargo Home Mortgage, Principal Financial Group, Wellmark, and many others.

At ABCV, we provide quality business technology solutions by understanding our customer needs. We deliver innovative solutions within our customer's time frame and budget, thus reducing the cost of ownership and adding value to their bottom line. To use the words of ABCV's President, B.J. Do; "Delivering results is what the company bases its reputation upon."

We at ABCV understand the requirements of the Iowa Department of General Services Invitation to Qualify for Information Technology Service Provider #BD80200S102 v1.0, and are capable of providing quality services and products. We agree to be bound by the pricing stated in this ITQ response for one calendar year. This proposal shall remain valid 120 days after submission.

Once again, thank you for considering ABC Virtual Communications, Inc. If you should need additional information or references, please let us know.

Sincerely,

Doug Klein  
Director of Consulting Service

# ITQ Response for Information Technology Services

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## NON-COLLUSION AFFIDAVIT (ITQ EXHIBIT A)

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I, the undersigned, am the person responsible for the preparation of and cost data contained in this response submitted to the STATE in response to this ITQ and certify that:

Cost data has been arrived at independently and without consultation with any other party.

No information regarding this response content has been disclosed to any other party that may be or may potentially be responding to the ITQ with a response.

No attempt has been made to induce or to refrain any other party in responding to this ITQ or to influence the content of their response.

This response and subsequent proposal(s) submitted by my firm to RFP's referring to this ITQ is made / will be made in good faith and not pursuant to any discussions / agreement with any other party.

My firm and its affiliates, subsidiaries, officers, directors and employees are not currently under investigation or been convicted for any act prohibited by federal law involving conspiracy or collusion with respect to bidding on public ITQ and related POs, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I understand that any miss-statement in this affidavit is and shall be treated as fraudulent concealment from the STATE of the true facts relating to the response submission for this ITQ.

Name: \_\_\_\_\_, Position: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ Date: \_\_\_\_\_

Representing COMPANY NAME: \_\_\_\_\_

SWORN TO AND SUBSCRIBED BEFORE ME THIS DAY \_\_\_\_\_ OF 20 \_\_\_\_\_ .

NOTARY PUBLIC \_\_\_\_\_ My commission expires: \_\_\_\_\_

**LOBBYING CERTIFICATION FORM (ITQ EXHIBIT B)**

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**FOR ITQ AND RELATED POSS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS**

The undersigned certifies, to the best of her or his knowledge and belief, that

No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress in connection with the awarding of any federal contract or agreement, or the making of any federal grant, loan, or co-operative agreement.

If any funds other than federal appropriated funds have been paid to any person for influencing or attempting to influence the making of federal contracts or federal grants, loans, co-operative agreements, the undersigned will submit full disclosure of lobbying activities showing all details and supporting documents.

The undersigned will require any or all subcontractors to submit a separate lobbying certification and disclosure accordingly.

SIGNATURE: \_\_\_\_\_ TITLE: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

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## PART 3 - SCOPE OF WORK

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**For each major category group that you wish to pre-qualify for, you should name specific consulting services below and their per hour costs in your cost statement. You may name other services with prior approval but define them similarly.**

ABCV is submitting this ITQ for the following categories:

- Strategy/Vision/Consulting
- Project Management
- Design/Planning
- Developing
- Testing
- Implementation

The hourly cost for each category listed above is included in the Cost Data Format (4-5) section.

## PART 4 – QUALIFICATION REQUIREMENTS

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### 4-2 MANDATORY AGREEMENT QUESTIONNAIRE (ITD EXHIBIT C)

This section consists of a series of questions that must be answered to the affirmative prior to proceeding with development of your response. It confirms your understanding of and agreement to our requirements for submitting a response. Negative responses will disqualify you. Please insert a copy of your answers inside each of your responses.

1. Do you agree that the contents of your proposal(s) will become part of any resulting ITQ and related POs and cannot be held confidential? YES ☒ NO ☐
2. Do you agree to submit one original of your proposal, together with two (2) copies and an electronic soft copy on diskette? YES ☒ NO ☐
3. Will you include at least three (3) client references and agree you must attain acceptable scores from references for each service category you are attempting to qualify for? YES ☒ NO ☐
4. Do you agree that you must maintain an acceptable rating by each agency you do work for in order to remain pre-qualified for each service category? YES ☒ NO ☐
5. Do you agree to abide by agency specific requirements as outlined in section 1-25? YES ☒ NO ☐
6. Do you agree that your response will remain valid for at least 120 business days and duration of ITQ and related POs? YES ☒ NO ☐
7. Are you a TSB or do you currently have or have had a contracting role in three (3) projects for each of the categories you are attempting to qualify for? YES ☒ NO ☐
8. Do you agree that if the STATE finds any part of your response to be false, you will be placed on temporary suspension from doing business with the STATE? YES ☒ NO ☐
9. Do you accept the requirements stated in sections 1-19 and 1? YES ☒ NO ☐
10. Will you provide all documents of proof of insurance as required by this ITQ and any related POs? YES ☒ NO ☐
11. Are you aware that the STATE will conduct any and all background checks it deems necessary? YES ☒ NO ☐

SUBMIT COMPLETED COPY INSIDE YOUR RESPONSE.

COMPLETED BY \_\_\_\_\_

## 4-3 PROFESSIONAL / TECHNICAL PERSONNEL QUESTIONNAIRE

**SUBMIT ANSWERS FOR EACH SERVICE CATEGORY YOU SEEK TO QUALIFY FOR**

### 1. How do you intend to provide the resources required by this ITQ?

If the engagement is either project related or staffing, ABCV through the program manager and account executive are responsible for determining the State's needs and the skills ABCV has available. The resources needed are then requested through a weekly resource meeting held at ABCV.

For projects, ABCV employs a model in the majority of its engagements today focusing on splitting the engagement into two phases. Benefits of this two-phase approach include:

- Clearly understanding the scope of the project and developing detailed requirement definitions
- Evaluating alternate design approaches to be followed
- Build on top of proven core components designed and built during phase I
- Identifying key resources needed to be successful
- Providing an accurate cost estimate
- Identifying project check points and decision points.

During the first phase, a team from ABCV, typically consisting of a program manager, project manager, architect and web developer, conducts interviews at the customer site with the customer team and key stakeholders to clearly define the requirements. After the interviews have taken place, ABCV's team documents key user requirements, analyzes user requirements to define detailed requirements in the form of use-cases, logically groups use-cases into development cycles, assesses alternate design and architecture approaches, builds rapid proof-of-concept prototypes and/or mockups of screens, constructs a detailed project plan based on the identified development cycles and determines detailed cost estimates associated with phase II of the project.

The second phase concentrates on the detailed system design and implementation of the selected design, including development, testing and integration. The resources necessary to complete the second phase have been determined from the design work completed in the first phase and requested through the weekly resource meeting at ABCV. Typical resources would include a program manager, project manager, architect, developers and QA personnel.

### 2. Identify the SP contract administrator and describe the functions that person will perform.

SP Contract Administrator:	Kay Kiefer Delivery Manager (515) 309-6022
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Backup SP Contract Administrator:	Brent Hayes Delivery Manager (515) 309-6023
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The SP Contract Administrators on staff will assist the State with determining their technical and business requirements, managing the State's expectations for each project and managing ABCV's personnel for the duration of each project.



## ITQ Response for Information Technology Services

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The SP Contract Administrators will also be responsible for reviewing the initial cost of each project with the State and any subsequent cost changes for a project due to changing requirements.

### **3. Describe how you plan on providing additional personnel if it becomes necessary to properly staff projects.**

ABCV has traditionally maintained a rather flat organization, allowing it to rapidly deploy technical resources as a pool when driven by immediate project needs. The SP Contract Administrator will determine along with the state any additional resources required. ABCV will then identify the appropriate personnel and supply them within 2 weeks.

### **4. Describe your company's ability to uniquely address problems and issues related to the service category.**

#### **Strategy/Vision/Consulting**

ABCV focuses its expertise, skill and knowledge on Internet-based e-Business products and services, targeting medium to large-sized companies where there are great demands for practical, cost-effective and timely solutions. ABCV's customers come from several industries including financial, mortgage, insurance, utilities, medical, manufacturing and agriculture. This reflects the Company's combined expertise and ability to produce solutions applicable to multiple industries. As a result, ABCV's clients have gained dramatic benefits including lower operating costs, reduced inventories and cycle times, and enhanced customer service. ABCV prides itself on delivering timely and cost-effective solutions.

ABCV has extensive experience providing solutions where integration of commercial tools and technologies is required. By participating in industry partnering programs, ABCV gains technical expertise and market exposure. Current industry partnerships include:

- IBM Premier Business Partner
- Microsoft Certified Solution Provider
- Sun Developer Connection Program
- IBM Partnerworld For Developers

ABCV is built on a solid foundation of dedication to excellence, commitment to new ideas, deep respect for experience, a tremendous work ethic and the belief that integrity is critical. These values have allowed ABCV to attract and retain talented and highly skilled employees in an extremely competitive market.

ABCV is well prepared to execute our client's strategic initiatives. Of the approximately 80 employees, 7 hold Ph.D. degrees, over 35 hold M.B.A. or M.S. degrees, and an additional 47 hold B.S. degrees in Computer Science, Management Information Systems or related fields. These highly educated individuals manage teams that perform design, development, test, documentation and support. Industry certifications, technical training on leading edge topics and ongoing career development benefit both the Company and its employees. The combination of expertise, experience and education gives ABCV a substantial competitive edge in the industry.

## **Project Management**

ABCV considers project management an integral part of any project. Therefore, ABCV's Project Managers are proven professionals with experience leading successful large web-based, specifically Java-based technical projects. Having experience with multiple large-scale projects utilizing Java and other object oriented technologies, our Project Managers understand all aspects of running a successful project in these environments. Solid communication skills, relationship building, tenacity and assertiveness, technical knowledge, use of object-oriented methodologies such as RUP and an acute understanding of the deliverables are all attributes our Project Managers bring to the table. Our experience has shown that large technical projects require both depth and breadth of skills in technical, process, communication and management disciplines, and ABCV believes that our Project Managers have the experience and background to fulfill these requirements.

## **Design/Planning**

ABCV's application development methodology described in the structure and methodologies section requires extensive use of the Unified Modeling Language (UML). ABCV requires, at a minimum, that every Java engineer attend an ABCV sponsored class on Object Oriented Analysis and Design (OOAD) using UML.

ABCV has been involved in multiple client engagements where a secondary goal was to assist in the definition of development process focused around UML, and OOAD.

As a standard practice, ABCV creates the following UML diagrams:

- Class Diagrams
- Sequence/Collaboration Diagrams
- Use Case Diagram
- Component Diagram (for larger systems)

## **Developing**

The two-phased approach ABCV uses as described previously, allows ABCV to develop products to meet the client's requirements. Phase I makes sure that ABCV and the client agree on the system functionality which is needed by the client. Phase II then refines this information and provides detailed information for the developers to use when building the system. ABCV then assures project quality by going through the following testing functions:

- Unit
- System
- Regression
- Quality Assurance
- Performance

By following this process ABCV has been able to successfully provide many clients with new systems and functionality to meet their needs.

## Testing

Testing can be defined as the process of executing software, in a controlled manner; in order to answer the question “Does the software behave as specified?”<sup>1</sup> For any project this means that the application will be validated according to the Business Requirements and the Design Specifications developed during the project.

Testing is conducted during each iteration, as well as an overall system testing effort that takes place at the completion of the last iteration. At the beginning of each iteration, acceptance criteria is captured, which serves as the basis for the testing of the components created during the implementation stage of the iteration. Developers are assigned responsibility for unit testing their pieces before they are integrated into the test environment. The Architect responsible for the project verifies this testing process.

During the project, we will identify the test objectives, which can also be thought of as testing goals. There are two levels of testing objectives. The first level is general testing objectives, which are for the entire testing process. The second level is defined to accomplish the goals for each particular testing activity.

## Implementation

Implementation by ABCV includes two functions. The first function is software acceptance by the client. The second function is to transfer knowledge about the new system to the client if required.

### Software Acceptance:

Software acceptance is the process of approving the completed system. The completed system includes:

- Software
- Documentation
- Interfaces
- Equipment
- People
- Procedures

Previous steps have verified the individual deliverables and the testing steps have proven the individual unit interfaces, systems modules, systems testing and systems acceptance. The business owners have used the system for ‘acceptance’ testing in a situation simulating the current business environment and software/hardware environment. The Software Acceptance phase validates the pieces are in place and the system is ready for production. This step also includes a review of outstanding issues and their planned resolution.

### Knowledge Transfer:

Knowledge transfer is key in ensuring the Client is able to support the system upon successful deployment of the solution. ABCV performs mentoring/knowledge transfer in a variety of mechanisms. These mechanisms range from co-development to formal classes

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<sup>1</sup> *An Introduction to Software Testing* Information Processing Ltd. January, 1996

conducted by ABCV professors. In every project, our consultants focus on sharing their knowledge and experience with client staff. The documentation produced during the project also serves as a great means to transfer knowledge. Clients find ABCV's mentoring/knowledge transfer an effective way to informally and formally transferring system information necessary to support applications after ABCV completes an engagement. The type of mentoring/knowledge transfer that occurs for a project will be identified and documented at the beginning of the project. Likewise, the mentoring/knowledge transfer plan will be assessed throughout the duration of the project and modified accordingly.

### **5. Describe your company's practices in adopting client policies and methods.**

For most projects, ABCV employs its own methodology for the project life cycle based on the processes and standards put forth by Rational Software's Rational Unified Process (RUP). A change control process is also implemented once the project begins.

If a project requires ABCV to use the State's development methodology, ABCV will adhere to this requirement. If ABCV feels the required methodology does not fit the project, ABCV will suggest an alternative method.

**For the following questions indicate in each area the extent of knowledge and training your company would be able to offer and whether your company would be able to provide performance with or without guidance, or could teach others.**

### **6. List each type / brand of operating system/ communication system you are experienced within each category below and make comments.**

#### **a) Mainframes:**

ABCV's mainframe experience lies in our ability to integrate new development with current mainframe technology. As an example, ABCV recently completed an effort to roll out a large Java-based CRM application to multiple business units within the client's organization. This effort required integration with a variety of existing systems, including mainframe CICS systems within each business unit.

ABCV performs mentoring/knowledge transfer in a variety of mechanisms. These mechanisms range from co-development to formal classes conducted by ABCV professors. In every project, our consultants focus on sharing their knowledge and experience with client staff. The documentation produced during the project also serves as a great means to transfer knowledge. The type of mentoring/knowledge transfer that occurs for a project will be identified and documented at the beginning of the project. Likewise, the mentoring/knowledge transfer plan will be assessed throughout the duration of the project and modified accordingly. ABCV will not offer training on mainframe applications.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **b) Midrange/Minicomputers:**

ABCV has experience integrating new development with current midrange technology. At another client, ABCV has completed a large enterprise effort to replace an existing AS/400 enterprise application. ABCV was responsible for the definition of requirements, along with the design and development of the entire application. This includes a common object model that is shared across a browser-based intake application and “fat client” desktop. This shared object model allows for the seamless integration of the two applications, and support of the entire business process. ABCV also provided both the real time and batch integration back to the existing AS/400, allowing the client to continue to leverage its investment in its current AS/400 reporting tool.

ABCV performs mentoring/knowledge transfer in a variety of mechanisms. These mechanisms range from co-development to formal classes conducted by ABCV professors. In every project, our consultants focus on sharing their knowledge and experience with client staff. The documentation produced during the project also serves as a great means to transfer knowledge. The type of mentoring/knowledge transfer that occurs for a project will be identified and documented at the beginning of the project. Likewise, the mentoring/knowledge transfer plan will be assessed throughout the duration of the project and modified accordingly. ABCV will not offer training on midrange/minicomputer applications.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client’s requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client’s needs.

### **c) Client/Server/Distributed Systems:**

ABCV has experience implementing multiple client/server/distributed systems. As an example, ABCV’s ECLoanPro product contains the following three logical layers:

- A client tier - supporting the logic of presentation and navigation control for processing the requests from universal clients such as browsers or Java applications.
- A middle tier - consisting of network infrastructure, Web server, application server, Web-technology runtime environment supporting server-side processing using servlet/EJB container for representing business objects and controlling business process workflow and systems management functions.
- Back-end application services layer - provides integration with transactional applications, third party vendor services and data storage.

ABCV performs mentoring/knowledge transfer in a variety of mechanisms. These mechanisms range from co-development to formal classes conducted by ABCV professors. In every project, our consultants focus on sharing their knowledge and experience with client staff. The documentation produced during the project also serves as a great means to transfer knowledge. The type of mentoring/knowledge transfer that occurs for a project will be identified and documented at the beginning of the project. Likewise, the mentoring/knowledge transfer plan will be assessed throughout the duration of the project and modified accordingly.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **d) Desktop:**

ABCV has experience in the following areas:

- Windows 95,98,2000
- Linux
- Solaris

ABCV will be able to train client personnel in these areas. ABCV has MCSEs on-site along with many years of Linux and Solaris experience.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **e) LAN:**

ABCV has experience with Cisco routers, switches and hubs, firewalls, Novell, network operations, security and protocols.

Training can be provided in this area. ABCV personnel have completed many courses towards the CCNA designation along with two years of experience using Cisco hardware.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **f) Languages:**

While ABCV's core competency is in Java-based application development, many of our software engineers are also proficient in C, C++, PERL, Java script, Visual Basic and a complement of other languages.

If the State needs assistance in re-tooling its existing mainframe developers, formal training can be conducted at the State, followed by continued involvement from ABCV on a weekly basis to augment the training.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **g) DBMS:**

ABCV has extensive experience in the use of relational database management systems (RDMS). In almost every application ABCV has developed, some sort of relational store was utilized. ABCV currently employs a number of database administrators, whose job is to design, develop, and maintain these various RDMS. ABCV has extensive experience with various versions of the following RDMS:

- DB2 Universal Database
- Oracle
- SQL Server
- Sybase Adaptive Server
- MySQL

ABCV's experienced DBAs can conduct customized training based on the needs of the area requesting training.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

## **7. Describe your products / experience with Databases.**

### **a) Administration:**

ABCV has experience in all of the following areas:

- Database logical and physical design
- Installation and configuration of DBMS
- Database security
- Backup and recovery planning and implementation
- Database security
- SQL query tuning
- Installation of DBMS
- Adstar Distributed System Management (ADSM) for backup and recovery management
- Develop and provide the DB maintenance scripts to the client for the production support
- Writing Java and PL/SQL stored procedures for DB2, UDB, Oracle, Sybase and SQL Server
- Facilitate the system architect: the use of Websphere Data Source and Connection pooling
- Involved in the design of data replication between server and client
- Establishment of connectivity with AS/400 through the use of DB2 Connect
- Use of HACMP (High Availability Clustered Multi Processing) for DB2 Load Balancing
- Extensive knowledge of object to relational mapping for various object oriented design patterns

ABCV's experienced DBAs can conduct customized training based on the needs of the area requesting training.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **b) Application Development tools:**

While ABCV's core focus on Java-based application development utilizes primarily IBM VisualAge, WebSphere and WebSphere Studio for Application Developer family of tools, we have proficiency in using most of the market leading products including the following:

- IDE such as WebGain (formerly Symantec Café), Sun Forte, NetBeans, Eclipse, etc.
- Application servers such as Sun iPlanet, WebLogic, Jboss, etc.
- Modeling tools such as Rational Rose, TogetherJ, etc.
- Source code version control tools such CVS, PVCS, etc.
- Load and Performance Testing tools such as Mercury Load Runner, Sigue Silk, etc.
- Forms Design and Development tools such as Acrobat Designer (including recently acquired Accelio/JetFrom)
- Web Development tools such as Visual Interdev, MacroMedia, etc

Apart from Java related development tools, we also work with development tools including IDEs and compilers for other languages such as C, C++, PERL, JavaScript, VisualBasic and other languages on multiple platforms including Unix, Microsoft Windows( 98, 2000, NT and XP), and embedded platforms.

In addition to using multi-platform application development tools, ABC Virtual also specializes in offering the right combination of tools, processes and integrated solutions from a wide range of options (such as Microsoft Project, Load Testing, Issue Tracking, in-house tools on Intranet Web Pages, etc) to facilitate integrated "4-D methodology" (Define, Design, Develop, and Deploy) tasks including:

- Project Planning
- Project Tracking
- Status Reporting
- Project Deliverables Management
- Scope Management
- Change Management
- Issue Management
- Performance Testing
- Quality Assurance

If the State needs assistance in utilizing some of these tools, processes and methodologies, formal training can be conducted at the State, followed by continued involvement from ABCV on a weekly basis to augment the training.



To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

**c) End user tools:**

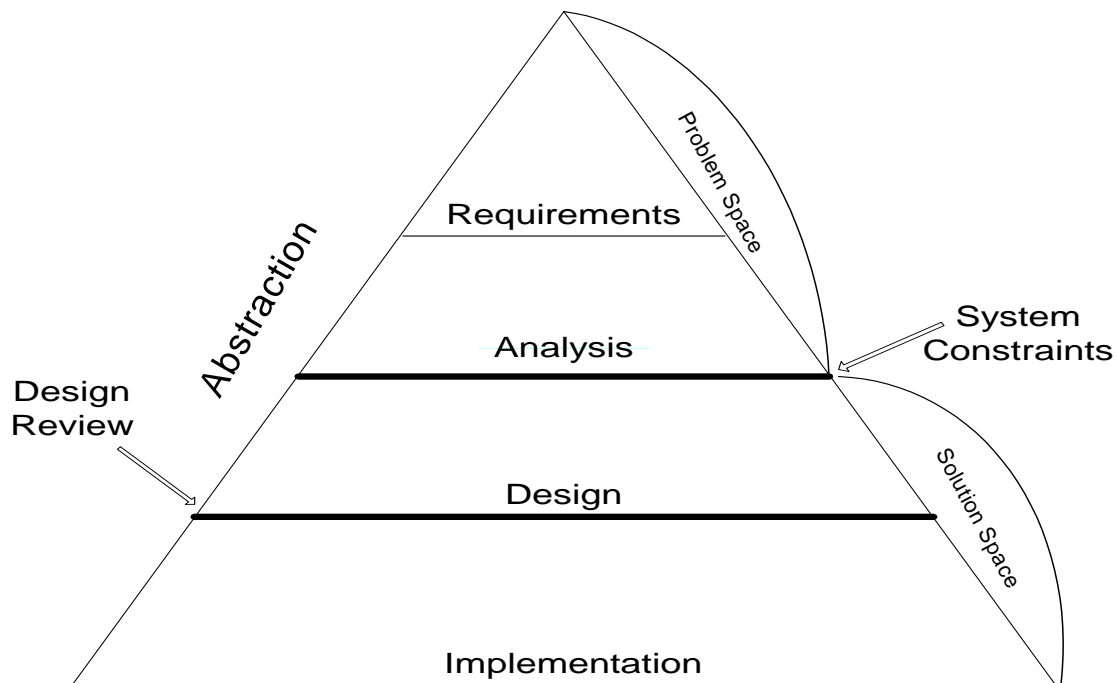
While ABCV's core focus is on application and product development, we have proficiency in using most of the market leading end user tools such as:

- Microsoft office and productivity tools such as Microsoft Office, Word Processors, MS Exchange Email Server, etc.
- Reporting tools such as MS Access, Crystal Report, etc.
- Financial Applications including Sage Software MS 90, SAS, etc.
- Web Technology tools such as Browsers, Plug-ins, etc
  - ➔ If the State needs assistance in utilizing some of these tools, formal training can be conducted at the State, followed by continued involvement from ABCV on a weekly basis to augment the training.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### d) Structure and methodologies:

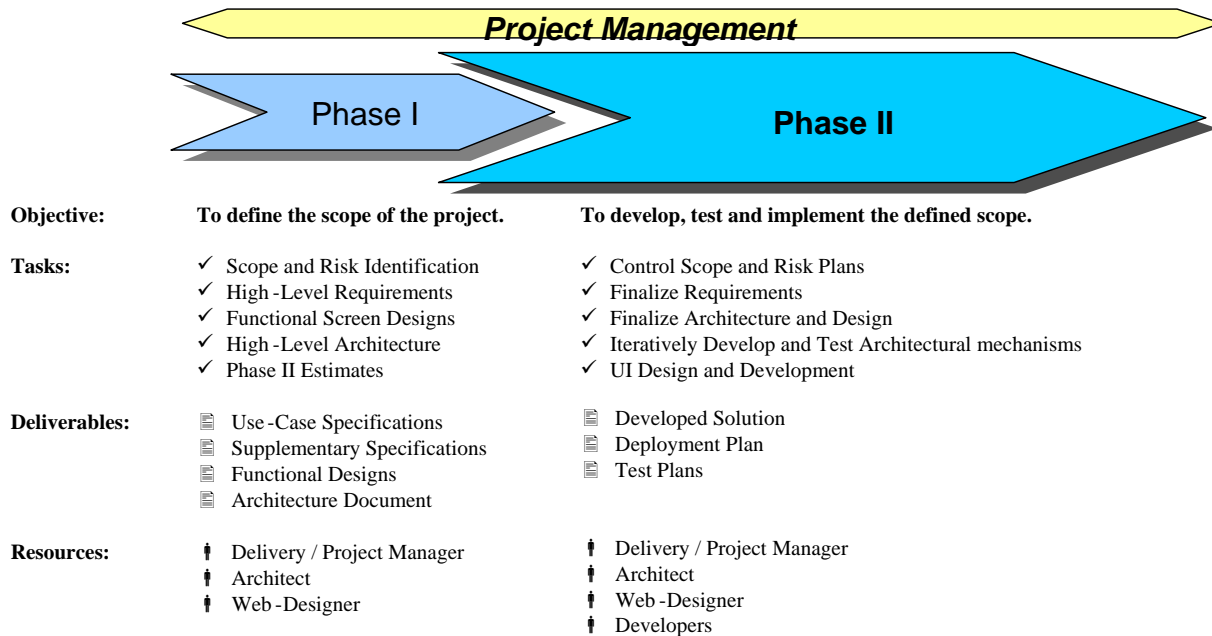
ABCV offers extensive experience in managing, planning, designing, developing and deploying e-Business solutions. Our approach for each project is based on the best practices outlined in the Rational Unified Process (RUP). RUP is the methodology ABCV utilizes in providing a successful proven method for software development solutions. ABCV works to make each unique solution satisfy the specific needs and requirements of our clients. The solution will be a result of a disciplined approach to assign tasks and responsibilities within a development project life cycle using a proven methodology. The goal of RUP is to ensure the production of high-quality software that meets the needs of its end users within a predictable schedule and budget by mitigating risks early in the project life cycle. The diagram below depicts the methodology adhered to at ABCV, which can be summarized as the successive realization of use-cases through each of the four primary stages of development.



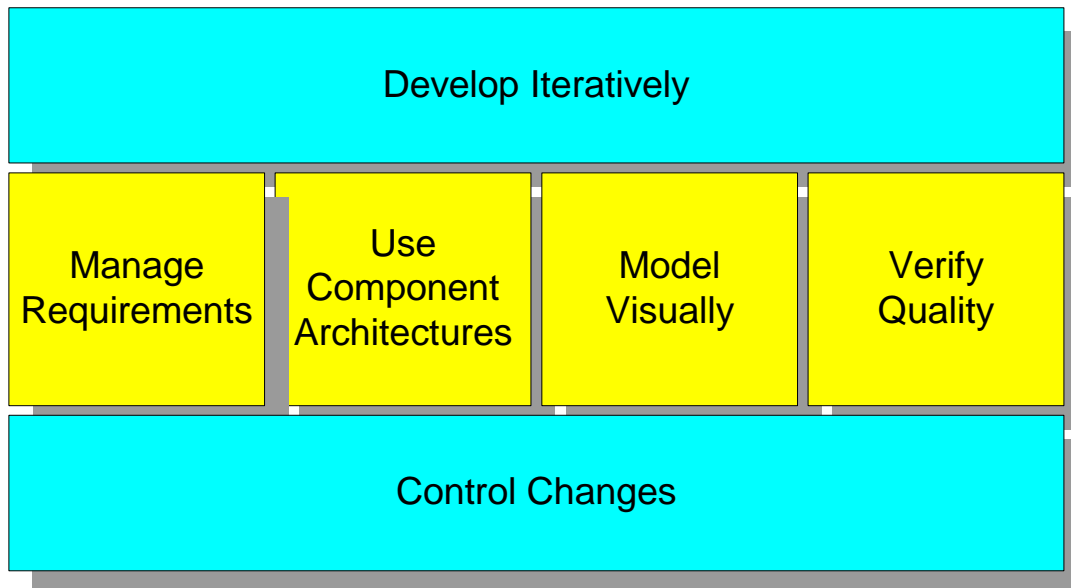
ABCV constructs a system using the above approach by breaking a project into two phases. The first phase defines the system requirements. The second phase concentrates on the detailed system design and implementation of the selected design, including development, testing and integration.

# ITQ Response for Information Technology Services

The objective, tasks, deliverables and resources for each phase is depicted below:



## ABCV Methodology History



ABCV's development methodology is rooted in the six best practices of software development: develop iteratively, manage requirements, use component architectures, model

visually, verify quality and control changes. A natural by-product of this methodology is the creation of visual artifacts, e.g. - diagrams that firmly depict the various system components. These components include classes, sub-systems, packages, frameworks and the system as a whole. It is this thorough depiction of components that allows ABCV to effectively document the architecture, data structures, and functionality of the system it is creating.

Using this methodology, each client works hand-in-hand with ABCV during the development of any system. This allows the client to experience and understand how each step of the project life cycle works. This knowledge transfer gives the client the ability to implement their own development projects if they wish.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **e) Other**

ABCV owns the rights to many software products, application frameworks and business objects. ABCV will consider the use of these products after well-defined contractual arrangements are agreed upon. An example of these products include:

#### **Frameworks:**

ABCV has a practice of using and refining re-usable components within its own software development process. These reusable components and class libraries are often referred to as frameworks. These frameworks provide standardized mechanisms for handling such items as persistence, navigation and validation to name a few. As these frameworks shorten development cycles and produce standardized proven solutions, ABCV selectively provides these frameworks as part of the solutions provided in many of its consulting engagements while retaining exclusive intellectual property rights to all the technology of these frameworks.

#### **Internet Application Framework:**

ABCV's applications are based on our ***Internet Application Framework*** (IAF). The IAF provides an efficient and reliable application infrastructure on which applications can be built in order to seamlessly distribute, update and manage data and applications over the Internet. The IAF is a fully-functioning application framework implemented in "Pure Java" that allows rapid development of Internet-based systems with the following characteristics:

- Connected environment: clients to enterprise server via Internet
- Multiple channel input: On/off line application, browser and wireless support
- Web-based access to tools and real-time information
- Automated software distribution
- Transparent application data synchronization
- Personalization/security support
- Business process automation
- Business rules support

- Information sharing/distribution
- Single point of entry for customers, employees and business partners
- Electronic interface to comprehensive B2B vendor services
- Links to legacy systems and databases

### **ECLoanPro:**

ECLoanPro is an integrated suite of e-Business applications designed to serve the residential mortgage industry by leveraging the power and flexibility of the Internet. This comprehensive **e-CRM** system uses pure Java and the Internet to provide customer management functionality from marketing and pre-qualification through loan application and tracking, thus providing a solution unmatched in the mortgage industry.

### **Software Update:**

Probably the most significant disadvantage of a "fat client" application is the difficulty of dealing with software updates. This has always meant distribution of software via some "hard media" or re-downloading applications from the Web and completely reinstalling the application. In addition, since any of these software update methods involves explicit initiating actions on the part of the user, all server-side code must be "backward compatible".

ABCV has overcome all of these deficiencies by developing a Web Service called the Software Update Engine (SUE) that allows for the automatic distribution of software updates over the Internet. This functionality is currently available in the ECLoanPro application along with an application running at a client site. Each client installation "posts" to SUE whenever the client application goes into the "Connected" state (so that it is communicating with the server). When a new release is installed on the SUE Web Service, the user of the client application sees a message indicating a software update is available. The user can decline the update at that point, however, they must then work in an "Unconnected" mode (no communication with the server). Before the user can run in "Connected" mode, he or she must accept the available Software Update.

With SUE, ABCV is able to ensure that every client installation that is communicating with the server is running the latest release of the Software. This is a huge advantage in that users get their updates automatically and the server does not have to be burdened with the responsibility of being backward compatible. ABCV has used this to great advantage to deliver new and improved functionality very quickly.

### **JNET:**

To ensure that our web applications are consistent and easily maintainable, ABC Virtual needs to have a framework in place for building web-based applications. The JNET Framework was built for this purpose. This framework is highly configurable and customizable for your needs.

JNET is built on the MVC architectural pattern. The JNET framework assists in building web-based applications by providing well-designed mechanisms to navigate between the JSP's, authentication and separating the view from the logical components like business

objects. This simplifies the development of a web application by de-linking the web content development (JSP's) from the application development. JNET provides an elegant exception/error handling mechanism to display user messages on JSP pages.

If any of the above products are included as a part of a project implemented by ABCV, ABCV will provide the applicable knowledge transfer including technical documentation, error messages generated, error response matrices and on-site classes.

To provide performance for these categories, ABCV traditionally will set up a project and manage the completion of the project based on the client's requirements. ABCV includes the client throughout the project to guarantee that the completed project meets the client's needs.

### **8. What general software applications have you experience in?**

ABCV has experience in the following software applications:

- JAVA
- C
- C++
- PERL
- Java script
- Visual Basic
- HTML
- Active X, X.12
- UNIX
- Rational Rose
- Visual Age
- WebSphere
- Web Logic and J-run
- TopLink
- MQSeries

### **9. Please describe any experience and deployed solutions in each of the following specific technologies below.**

#### **a) Help desk solutions / technologies.**

ABCV provides primary customer support using live phone help desk. Apart from the live phone help desk, we accept support requests by mail, e-mail, fax, and from our web-based event tracking support system. We also use advanced collaboration tools (like [abcv.webex.com](http://abcv.webex.com)) for performing training and diagnostics with our customers.

ABCV has a Customer Services Department responsible for fielding the majority of inquiries from customers, including if customers fail/bail from site that we host as well as any issues resolution/enhancements of the software application we have developed. There is a (800) phone number for customers to call when they need support during the core support hours of 7a.m. – 7p.m. Monday through Friday except for nationally recognized holidays. Additional

on-call support arrangements outside of these core hours can be provided based on client specific Service Level Agreement (SLA). ABCV establishes customized SLA as well as escalation procedures for each customer engagement.

### **b) Data development**

Data development is done by ABCV through its design process. Required functions are determined during the use-case and user interface development process. Once this process is completed, design is started using Rational Rose to define the objects required to satisfy the project requirements. During this design process, data fields are associated with each object. The logical can then be built from the object model with the data dictionary being generated from the logical model.

### **c) Data Analysis**

ABCV has created data dictionaries through a variety of processes, however, our preference is to generate these through a formal data definition process. Typically, this process starts with the definition of the logical data model, complete with descriptions. By adhering to such a process the task of generating a data dictionary is easily completed from the logical model. Every project, however, is different, so it is necessary to define the data definition procedure early in the development process. As an alternative, ABCV has skipped the logical data model definition and gone straight from the object model definition to the physical data model definition by creating scripts within Rational Rose.

### **d) Data modeling**

ABCV has utilized a variety of mechanisms, and tools, for the definition and creation of the logical and physical data model; however, our preference is to generate these through a formal data definition process. Most often this process involves the use of a tool, such as [Erwin](#) from Computer Associates, for the creation and maintenance of a logical model. From this logical model the DBA is able to generate the scripts necessary for creating the physical model. Every project, however, is different, so it is necessary to define the data definition procedure early in the development process. As an alternative, ABCV has skipped the logical data model definition and gone straight from the object model definition to the physical data model definition by creating scripts within [Rational Rose](#) from Rational Software Corporation.

### **e) Facilitating and consulting**

ABC Virtual follows a two-phased approach to provide facilitating and consulting engagements.

Phase I consists of defining the specific requirements and scope of the overall engagement consisting of the following tasks:

- Confirm objectives of project
- Identify interviewees and schedule interviews
- Conduct interviews
- Analyze interview results and documentation received

- Recommend areas for improvement
- Present findings and recommendations
- Confirm tasks for Phase II

Phase II consists of refining the scope and execution towards the deliverables identified in Phase I.

**f) Photogrametry and remote sensing**

N/A

**g) Data collection and clean up mapping**

There have been multiple projects ABCV has been involved in collecting and cleaning data. ABCV has used GENTRAN for one client to reformat data during a process shipping data to and from vendors. For another client, data was pulled from the client's legacy system and inserted into a different database being used to support a new claim processing system.

**h) GIS / ESRI Software / Mapinfo**

There have been multiple projects where ABCV has been involved in developing web based interfaces to GIS and MapInfo. For one of our clients, we had to develop a geography based selection of product and agronomy data that users can search and narrow down more details based on different criteria. In another project, we had to interface with MapQuest to seamlessly obtain direction information at different levels of detail for showing branch office availability and query different types of details at area, region, division and branch levels.

**i) Electronic Commerce / EDI**

ABCV implemented a process for a client to convert data to an appropriate EDI transaction set prior to sending the data to the vendor. When a response was returned, it was then mapped from an EDI transaction response set back to a predefined format that the internal system expected.

All versions of the EDI standards from 3060 to 4010 were implemented for transaction sets 833 and 264.

**j) Document management**

ABCV has extensive experience in the rendering of documents. ABCV currently leverages PDF as the underlying technology for document handling in ECLoanPro. PDF is a platform and printer independent file format that is emerging as a standard for the archival of electronic documents. (PDF satisfies the requirements of the recently passed e-Sign legislation.)



In order to provide maximum flexibility for document handling in ECLoanPro and to make the addition of new documents something that can be done directly via the ECLoanPro Server-side Admin application, ABCV has developed a generic PDF print engine and a PDF Tags Library from which new documents can be developed.

**k) Telecommunications wide area network**

N/A

**l) Biometrics**

N/A

**m) Wireless networking**

Developing applications for a distributed environment with heterogeneous networking is one of the core competencies of ABCV. Many of the web-related projects, including its flagship product ECLoanPro, had to be designed to work in a wireless networking environment so that it is compatible with Wireless Application Protocol (WAP), Wireless Markup Language (WML), and IBM Transcoder technology.

**n) IT staffing**

ABCV has provided individual staffing in addition to its project work. This staffing has been done for multiple clients to help these clients successfully complete their projects. ABCV also has a teaming agreement in place with another firm to provide staff for different projects.

**o) Graphic / web design**

ABC Virtual Web Design Services is the internal Web User Interface design group for ABCV. ABC Virtual Web Design Services specializes in usability, graphic and technical design for Web user interfaces and Web marketing sites. ABC Web Design Services has experience designing Business to Business, Business to Consumer, Web Application and Customizable Web Interfaces. Technologies used in building these interfaces include, HTML, JSP, Java, Cascading Style Sheets, DHTML, JavaScript and ASP.

Recent projects have included the design, development, and deployment of web interfaces for a web based insurance claims system, a real estate mortgage application system, a real estate title insurance calculator and marketing web site and a flash marketing piece. Having worked on a variety of projects, Web Designers at ABC Virtual have a rich background in interface design, animation and illustration. ABC Web Design Services also designs and develops the ABC Virtual Marketing Web Sites, which can be viewed at <http://www.abcv.com> and <http://www.ecloanpro.com>.

**p) Other**

None

## 4-4 CLIENT REFERENCES

### List of Clients/Survey Recipients (ITD Exhibit D)

**Company:** Principal Financial Group, Inc. – Principal Connection  
**Contact:** Doug Fick, Director of Retails IS, CRM  
**Tel:** 515-248-2558  
**Email:** [Fick.Doug@principal.com](mailto:Fick.Doug@principal.com)

**Project:** CC Central Customizations

**Products:** VisualAge for Java (VAJ), Enterprise Java Beans, IBM's WebSphere, TopLink, DB2, Enterprise Access Builder and Rational Rose.

**Services Description:** Principal Connection (Principal) desired to customize and roll out an internally constructed CRM application to five business units. They did not have sufficient number of staff with the required skill sets needed to meet the project's aggressive deadline and wanted to partner with a vendor to outsource the development for this effort. ABCV provided mentorship and assisted in developing a library of artifacts for the requirements and development process. ABCV also led the effort to successfully gather requirements via use cases for each business unit.

ABCV utilized the Rational Unified Process (RUP) to successfully customize and roll out Principal's CRM application to multiple business units on-time, within budget and scope. Utilizing RUP reduced development cost and time by shortening the requirements process and developing an application based on "true" customer needs. It also reduced infrastructure costs dramatically by conducting development "off-site". (ABCV provided and supported the entire development environment for the Principal work.) The deliverables helped Principal's staff get "up to speed" faster on the system and it's underlying architecture, allowing for decreased maintenance times.

**Company:** Farmland Insurance  
**Contact:** Kirk Hooten  
**Tel:** 515-245-8845  
**Email:** [khooten@farmlandins.com](mailto:khooten@farmlandins.com)

**Project:** ClaimsQuest Project

**Products:** IBM VisualAge for Java, WebSphere Application Server, MQ Series, DB2, Java Servlets, JDBC, Enterprise Java Beans, Rational Rose, AS400, Unix, XML and Xerces parser.

**Services Description:** Farmland needed a mechanism to automate their manual, paper-driven claims processing. They wanted to decrease "ramp up" required on current code driven interface, provide seamless access in connected/disconnected mode, provide timely access to up to date claim information, provide single system for claims processing and increase customer loyalty through increased claim efficiency. ABCV introduced the use case workshop process for the requirements gathering effort along with providing mentorship and assistance with developing a library of artifacts

Confidential

## ITQ Response for Information Technology Services

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for the requirements process. ABCV integrated and customized its Internet Application Framework (IAF) to provide connected/disconnected access. Enterprise level shared services were also implemented. The web-based intake along with the fat client adjuster/manager component was built on top of shared business objects. The necessary business components to meet business unit requirements were developed by ABCV.

The project is currently in the first phase of production roll out. The engagement has been delivered within budget and within the aggressive timelines. The overall solution will:

- Reduce claim processing time by allowing adjusters to:
  - Work independent of network connection
  - Automatically prioritize work for adjusters
  - Automatically remind adjusters of follow-ups
  - Route an “electronic” version of the claim file (eClaim)
- Reduce rework by allowing managers to:
  - Reroute claims electronically
  - Locate eClaim at any time
  - Set “reminders” within eClaims
  - Allow for automatic auditing of claims

**Company:** State of Iowa – Information Technology Department  
**Contact:** Dan Comb, Director of Digital Government  
**Tel:** 515-725-0293  
**Email:** [dan.combs@its.state.ia.us](mailto:dan.combs@its.state.ia.us)

**Project:** Iowa Resource House Project

**Products:** VisualAge for Java (VAJ), Enterprise Java Beans, IBM’s WebSphere and WebSphere Studio, JDBC, Rational Rose and DB2.

**Services Description:** ABCV is perceived as a strategic alliance to the State of Iowa – Information Technology Department. (ITD) is the governing body for over 70 state agencies. ABCV is involved in helping (ITD) to define a more manageable application infrastructure by streamlining digital government and eliminating redundancy of state government. ABCV is involved in the second phase of a Java-based initiative to design, develop and deploy a state-wide agency automation system. This Java-based system will provide all members of the community with direct, private and anonymous access to information about community resources. This system will be used by over 70 state agencies in the future. We are involved in several key initiatives that are currently being defined. Several of our key contacts within (ITD) have mentioned that we are on the preferred vendor list. We are proud to be on that list.

Targeted Small Business CERTIFICATE



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## 4-5 COST DATA FORMAT

### 4-5-1 Format

#### Cost Data Sheet – Strategy / Vision / Consulting

<b>COST DATA SHEET for ITQ Number <u>BD80200S10</u> Revision <u>1.0</u></b>	
<b>FOR SERVICE CATEGORY: <u>Project Development – Strategy/Vision/Consulting</u></b>	
<b>COMPANY NAME: <u>ABC Virtual Communications, Inc.</u></b>	<b>date <u>5/30/2002</u></b>
<b>DESCRIPTION OF SERVICE</b>	<b>RATE PER HOUR NOT TO EXCEED</b>
<b>ARCHITECT</b> Brings the ability to put together a “big picture” or a technical solution.	\$175.00
<b>SUBJECT MATTER EXPERT</b> Brings a deep expertise in a specific technology or business area.	\$175.00
<b>BUSINESS ANALYST/CONSULTANT</b> Brings the ability to analyze and recommend business process improvements and re-engineering	\$125.00

Note: The SP may be able to have additional line items added at a later date to this ITQ, IF it is in the same service category as originally qualified for under the ITQ, and If such a request is approved by the STATE. In such case, an addendum will be issued by the STATE.

Submit additional sheets as necessary. RATE PER HOUR is to be in US dollars and is firm for the duration of ITQ, except that changes to the rates per hour may be made upon approval by the STATE once every 12 months from date of the ITQ execution and no change will be allowed over 5% for each line item without justification. In such case, an addendum will be issued by the STATE.

# ITQ Response for Information Technology Services

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## Cost Data Sheet – Project Management

**COST DATA SHEET for ITQ Number BD80200S10 Revision 1.0**

**FOR SERVICE CATEGORY: Project Development – Project Management**

**COMPANY NAME: ABC Virtual Communications, Inc.**

**date 5/30/2002**

<b>DESCRIPTION OF SERVICE</b>	<b>RATE PER HOUR NOT TO EXCEED</b>
<b>PROGRAM MANAGER</b> Manages multiple projects at once both related and unrelated in nature and scope.	\$150.00
<b>PROJECT MANAGER</b> Manages a specific project or aspect of a project on larger projects	\$125.00
<b>PROJECT ADMINISTRATOR</b> Assists with the administration of the project management activities	\$100.00

Note: The SP may be able to have additional line items added at a later date to this ITQ, IF it is in the same service category as originally qualified for under the ITQ, and If such a request is approved by the STATE. In such case, an addendum will be issued by the STATE.

Submit additional sheets as necessary. RATE PER HOUR is to be in US dollars and is firm for the duration of ITQ, except that changes to the rates per hour may be made upon approval by the STATE once every 12 months from date of the ITQ execution and no change will be allowed over 5% for each line item without justification. In such case, an addendum will be issued by the STATE.

# ITQ Response for Information Technology Services

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## Cost Data Sheet – Design / Planning

**COST DATA SHEET for ITQ Number BD80200S10 Revision 1.0**

**FOR SERVICE CATEGORY: Project Development – Design/Planning**

**COMPANY NAME: ABC Virtual Communications, Inc.**

**date 5/30/2002**

DESCRIPTION OF SERVICE	RATE PER HOUR NOT TO EXCEED
<b>ARCHITECT/TECHNOLOGY LEAD</b> Responsible for the design and technical specification of a business solution or a specific aspect of a business solution on larger projects.	\$175.00

Note: The SP may be able to have additional line items added at a later date to this ITQ, IF it is in the same service category as originally qualified for under the ITQ, and If such a request is approved by the STATE. In such case, an addendum will be issued by the STATE.

Submit additional sheets as necessary. RATE PER HOUR is to be in US dollars and is firm for the duration of ITQ, except that changes to the rates per hour may be made upon approval by the STATE once every 12 months from date of the ITQ execution and no change will be allowed over 5% for each line item without justification. In such case, an addendum will be issued by the STATE.

# ITQ Response for Information Technology Services

## Cost Data Sheet – Developing

**COST DATA SHEET for ITQ Number BD80200S10 Revision 1.0**

**FOR SERVICE CATEGORY: Project Development – Developing**

**COMPANY NAME: ABC Virtual Communications, Inc.**

**date 5/30/2002**

DESCRIPTION OF SERVICE	RATE PER HOUR NOT TO EXCEED
<b>DEVELOPER</b> Builds solution components based on technical specifications.	\$115.00
<b>SR. DEVELOPER</b> Builds solution components based on technical specifications. Extensive experience.	\$135.00
<b>JR. DEVELOPER</b> Builds solution components based on technical specifications. Limited experience.	\$100.00
<b>ENGINEER</b> Builds infrastructure solutions based on technical specifications.	\$115.00
<b>SR. ENGINEER</b> Builds infrastructure solutions based on technical specifications. Extensive experience.	\$135.00
<b>JR. ENGINEER</b> Builds infrastructure solutions based on technical specifications. Limited experience.	\$100.00
<b>EMERGING/NICHE TECHNOLOGY</b> Builds solutions based on technical specifications using emerging or niche technologies.	\$135.00
<b>SR. EMERGING/NICHE TECHNOLOGY</b> Builds solutions based on technical specifications using emerging or niche technologies. Extensive experience.	\$155.00
<b>JR. EMERGING/NICHE TECHNOLOGY</b>	\$120.00



## ITQ Response for Information Technology Services

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Builds solutions based on technical specifications using emerging or niche technologies. Limited experience.	
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Note: The SP may be able to have additional line items added at a later date to this ITQ, IF it is in the same service category as originally qualified for under the ITQ, and If such a request is approved by the STATE. In such case, an addendum will be issued by the STATE.

Submit additional sheets as necessary. RATE PER HOUR is to be in US dollars and is firm for the duration of ITQ, except that changes to the rates per hour may be made upon approval by the STATE once every 12 months from date of the ITQ execution and no change will be allowed over 5% for each line item without justification. In such case, an addendum will be issued by the STATE.

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## Cost Data Sheet – Testing

**COST DATA SHEET for ITQ Number BD80200S10 Revision 1.0**

**FOR SERVICE CATEGORY: Project Development – Testing**

**COMPANY NAME: ABC Virtual Communications, Inc.**

**date 5/30/2002**

DESCRIPTION OF SERVICE	RATE PER HOUR NOT TO EXCEED
<b>TEST PLANNING</b> Analyzes business requirements and technical specifications to determine and build a test plan.	\$125.00
<b>QUALITY ASSURANCE</b> Builds and executes test scripts based on a test plan. Tracks and coordinates issue resolution.	\$125.00

Note: The SP may be able to have additional line items added at a later date to this ITQ, IF it is in the same service category as originally qualified for under the ITQ, and If such a request is approved by the STATE. In such case, an addendum will be issued by the STATE.

Submit additional sheets as necessary. RATE PER HOUR is to be in US dollars and is firm for the duration of ITQ, except that changes to the rates per hour may be made upon approval by the STATE once every 12 months from date of the ITQ execution and no change will be allowed over 5% for each line item without justification. In such case, an addendum will be issued by the STATE.

# ITQ Response for Information Technology Services

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## Cost Data Sheet – Implementation

**COST DATA SHEET for ITQ Number BD80200S10 Revision 1.0**

**FOR SERVICE CATEGORY: Project Development – Implementation**

**COMPANY NAME: ABC Virtual Communications, Inc.**

**date 5/30/2002**

DESCRIPTION OF SERVICE	RATE PER HOUR NOT TO EXCEED
<b>IMPLEMENTATION PLANNING</b> Analyzes business requirements, technical specifications and end-user community requirements to determine and build an implementation plan.	\$150.00

Note: The SP may be able to have additional line items added at a later date to this ITQ, IF it is in the same service category as originally qualified for under the ITQ, and If such a request is approved by the STATE. In such case, an addendum will be issued by the STATE.

Submit additional sheets as necessary. RATE PER HOUR is to be in US dollars and is firm for the duration of ITQ, except that changes to the rates per hour may be made upon approval by the STATE once every 12 months from date of the ITQ execution and no change will be allowed over 5% for each line item without justification. In such case, an addendum will be issued by the STATE.

### **4-5-2 Rates Per Hour and Periodic Changes**

State hourly rates in US dollars. Changes to the cost data may be made upon approval by the STATE once every 12 months from date of ITQ approval. You may update your cost data sheet for any category by addendum, upon our acceptance. Acceptance will be based upon a review of how the new cost data fits into the range of all cost data from all other SPs on file for that category at the time. Changes of more than five percent (5%) must be justified with specific reasons.

Hourly rates are stated in US dollars. ABCV understands that changes to the cost data may be made upon approval by the State once every 12 months from date of ITQ approval. Updated cost data sheets will be made by addendum, upon the State's acceptance.

### **4-5-3 Expenses**

The STATE will not reimburse SPs for operating expenses such as car rentals, air fare, meals, lodging, copies, postage, etc. Your operating costs must be incorporated in your hourly rates or the quoted price for each deliverable and the total project. A request to increase the PO amount must be reasonably related to a modification in the requirements statement and documented through a modification to the project or staff augmentation purchase order. Except for good cause, the STATE will not approve a modification to the requirements statement after the fact.

ABCV agrees to include operating costs in our hourly rates or the quoted price for each deliverable and the total project.

### **4-5-4 Use of cost data: USE OF YOUR COST DATA WILL BE AS FOLLOWS:**

- a) Serve as a "not to exceed" rate for staff augmentation assignments.
- b) Benchmarking against other SPs for value analysis when considering proposal responses for projects.
- c) Negotiating cost increases or decreases related to project requirements statement modification.

### **4-6 SP'S BACKGROUND/FINANCIAL QUESTIONNAIRE:**

For each of the following statements or questions, prospective Vendors shall provide complete, concise, and accurate information. Failure to provide the information in the form requested or inaccurate or misleading information or answers may result in rejection of the proposal from evaluation. Please restate the section number and the question asked immediately preceding the response. Do not include advertising or marketing materials. Sps need only submit one copy of the requested information below to the IO and it does not need to be electronic.

- 1. Identify each State in which the business operations or dealings of the (corporate or other type of entity) are subject to charter, registration, certification, licensure or regulation.**

Response: ABCV's operations or dealings are subject to charter, registration, certification, licensure, or regulation in the State of Iowa.

- A. For each such State identified, state whether the business entity has been disciplined, admonished, warned, had its license, registration, charter, certification or any similar authorization to do business suspended or revoked for any reason (collectively "disciplined")**

Response: The company has not been disciplined, admonished, warned, had its license, registration, charter, certification or any similar authorization to do business suspended or revoked for any reason (collectively "disciplined") in the State of Iowa.

- B. If the business entity, its officers, agents or employees have been disciplined or disciplinary actions are pending in any State in which the business dealings of the entity are subject to regulation, identify the name of the regulatory agency with authority to discipline.**

Response: Its officers, agents or employees have **not** been disciplined nor are disciplinary actions pending in any State in which the business dealings of the entity are subject to regulation. *Is ABCV subject to any regulatory agency within the State of Iowa?*

- 2. In addition to the proceedings listed above (if any), are there any other pending administrative, criminal or civil proceedings against the business entity, its officers, agents or employees which relate directly or indirectly to the conduct of the business?**

Response: There are **no** pending administrative, criminal or civil proceedings against the business entity, its officers, agents or employees which relate directly or indirectly to the conduct of the business.

- 3. Within the past three (3) years, has the prospective Vendor been sued by any person or entity for damages and/or injunctive relief in any state or federal court with respect to the prospective Vendor's collection practices in which the person or entity brought the primary action against the Vendor?**

Response: Within the past three (3) years, Vendor has **not** been sued by any person or entity for damages and/or injunctive relief in any state or federal court with respect to the prospective Vendor's collection practices in which the person or entity brought the primary action against the Vendor.

- 4. Within the past three (3) years, has the prospective Vendor entered into a settlement agreement, consent decree, or confession of judgment in lieu of litigation (or further litigation) with respect to the prospective Vendor's collection practices?**

Response: Within the past three (3) years, Vendor has **not** entered into a settlement agreement, consent decree, or confession of judgment in lieu of litigation (or further litigation) with respect to the prospective Vendor's collection practices.

- 5. Within the past three (3) years, have any complaints been filed or lodged against the business entity, its officers, agents or employees with the Attorney General of any state, the Better Business Bureau of any state, the Consumer Affairs' Office (or similar nomenclature) of any state, the federal Trade Commission or any other federal agency which relate directly or indirectly to the conduct of the business?**

Response: Within the past three (3) years, **no** complaints have been filed or lodged against the business entity, its officers, agents or employees with the Attorney General of any state, the Better Business Bureau of any state, the Consumer Affairs' Office (or similar nomenclature) of any state, the federal Trade Commission or any other federal agency which relate directly or indirectly to the conduct of the business.

- 6. Within the past five (5) years, state whether or not the business entity has filed a voluntary petition in bankruptcy, a voluntary petition to reorganize its business, or a voluntary petition to effect a plan or other arrangement with creditors.**

Response: Within the past five (5) years, ABCV has **not** filed a voluntary petition in bankruptcy, a voluntary petition to reorganize its business, or a voluntary petition to affect a plan or other arrangement with creditors.

- 7. Within the past five (5) years, state whether or not the business entity has been the subject of a filing for involuntary bankruptcy.**

Response: Within the past five (5) years, ABCV has **not** been the subject of a filing for involuntary bankruptcy.

- 8. Within the past five (5) years, state whether or not the business entity has been notified that it is in default of its obligations under any contract for the collection of any type of debt. If so, provide a clear and concise statement of the reasons alleged to have occasioned the default and further state the manner in which the matter was resolved.**

Response: Within the past five (5) years, ABCV has **not** been notified that it is in default of its obligations under any contract for the collection of any type of debt. If so, provide a clear and concise statement of the reasons alleged to have occasioned the default and further state the manner in which the matter was resolved.

- 9. Within the past five (5) years, state whether or not a contract for the collection of any type of debt has been terminated for non-performance or for any reason other than the natural expiration of the term of the contract.**

Response: Within the past five (5) years, **no** contract for the collection of any type of debt has been terminated for non-performance or for any reason other than the natural expiration of the term of the contract.

**10. Financial Information:**

- A. Each prospective Vendor shall provide its most recent audited financial statement or other information sufficient for the State to evaluate the financial condition of the prospective Vendor to insure that the Vendor has the capability to fulfill its obligations under the contract. A Dun and Bradstreet Report or similar well known credit report will suffice.**

Response: See audited financial statements included with this response (Appendix A).

- B. Prospective Vendors may request that their financial statements and other financial information be kept confidential by the State. Prospective Vendors are required to provide only one copy of the audited financial statement which shall be submitted with the Original proposal.**

Response: ABCV requests that their financial statements and other financial information be kept confidential by the State.

- C. Provide the name, address, telephone and fax numbers for one financial reference who can provide information relative to your financial responsibility.**

Response: Becky Gibson  
Bank of America  
317 6<sup>th</sup> Ave  
Des Moines, IA 50304  
Telephone (515) 235-6949, fax (515) 235-7079.

### References Release

**Each prospective Vendor shall submit a signed release with its response to the RFP which permits representatives of the State to contact the prospective Vendor's references and other persons or entities for whom the prospective Vendor performs and has performed collection activities.**

ABCV agrees that representatives of the State can contact ABCV's references.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

END OF AMENDMENT #1 TO ITQ, BD80200S102, VERSION 1.0

(Signature of Acceptance Page Follows)



## ITQ Response for Information Technology Services

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### Acceptance of Amendment #1 to ITQ BD80200S102, version 1.0

Note: The same person who signed the original response to the ITQ must also sign below to accept this amendment to the ITQ.

I, \_\_\_\_\_, officer for \_\_\_\_\_  
(name and title ) (company name)

Hereby accept and agree to Amendment No. 1 to the ITQ, BD80200S102, version 1.0 and agree to provide the additional requested information in the amendment.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature for the State: \_\_\_\_\_ Date: \_\_\_\_\_

Upon signing, the aforementioned amendment is immediately incorporated into the ITQ and service provider's response to the ITQ.

**Per email from Ms. Ashley Super, Submit One (1) Originally signed copy to:**

Ms. Ashley Super, Purchasing Agent III  
Iowa Department of General Services (DGS)  
Hoover STATE Office Building - Level A  
Des Moines, IA 50319-0105

Mark envelope with: "ITQ Amendment #1 Acceptance"

If the amendment as presented is unacceptable, please advise the State of your rejection of the amendment in writing with reasons to the IO as above or by E-mail: [Ashley.Super@dgs.STATE.ia.us](mailto:Ashley.Super@dgs.STATE.ia.us).

# ITQ Response for Information Technology Services

## REQUIRED SIGNATURE FORMAT (ITQ EXHIBITF)

(submit two signed originals in your response)

I / we as undersigned agree to the terms and conditions of the aforementioned ITQ #BD80200S102 and if our response is accepted, to furnish any and all services upon which cost data has been submitted. Any material misstatement in our response shall be treated as fraudulent concealment from the STATE of the facts relating to this ITQ.

Name of Entity / Person Submitting Proposal: \_\_\_\_\_

Mailing address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

☐ If Individual: SIGNATURE: \_\_\_\_\_ Date: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

☐ If Partnership: Names -type written: \_\_\_\_\_ / \_\_\_\_\_

Social Security Numbers: \_\_\_\_\_ / \_\_\_\_\_

SIGNATURES of PARTNERS: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

☐ If Corporation: Corp ID# \_\_\_\_\_ State: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ Date: \_\_\_\_\_

Name and Title -type written: Scott Hinkle CFO

I / we consent to service of process by certified or register mail addressed to our designated legal agent as required by Part 2-13-i of the Terms and Conditions of the ITQ. I / we appoint

\_\_\_\_\_ at \_\_\_\_\_ as our agent to receive service of process.

WITNESS SIGNATURE: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

The STATE of Iowa, acting through the undersigned officer(s), hereby accepts the foregoing response to the ITQ and pre-approves the SP named for agency requests for proposals using this agreement. This acceptance and the SP's response for the above referenced ITQ and related POs, including the terms and conditions of the ITQ constitute a binding contract between the STATE and the SP.

CT \_\_\_\_\_ Vendor ID# \_\_\_\_\_ ☐ CONDITIONAL TSB

Evaluation Committee Chairperson \_\_\_\_\_ Date: \_\_\_\_\_

DGS Purchasing Div. Administrator: \_\_\_\_\_ Date: \_\_\_\_\_

Purchasing Agent / Issuing Officer : \_\_\_\_\_ Date : \_\_\_\_\_

# ITQ Response for Information Technology Services

## VENDOR APPLICATION AND W-9 TAX FORM (UPDATE)

Iowa Department of General Services  
Purchasing Division  
HOOVER BUILDING, LEVEL A  
DES MOINES, IOWA 50319-0105

### VENDOR APPLICATION FORM

1. Legal Business Name: ABC VIRTUAL COMMUNICATIONS, Inc. Yrs. In Business: 7  
(For remittance of warrants/payments)
- Line 1: REGENCY BUILDING I  
(Street)
- Line 2: 1501 50<sup>TH</sup> STREET, SUITE 200  
WEST DES MOINES POLK IA 50266  
(City) (County) (state) (Zip)

Address if different than listed above:

2. Alternate (DBA) Address:

Legal (DBA) Name: \_\_\_\_\_ DBA ☐

Line 1 \_\_\_\_\_

Line 2 \_\_\_\_\_

City/State/Zip \_\_\_\_\_

3. Purchase Order/Bid Mailing Address:

Business Name: \_\_\_\_\_

Line 1 \_\_\_\_\_

Line 2 \_\_\_\_\_

City/State/Zip \_\_\_\_\_

4. Federal Identification Number (FEIN) and/or Social Security Number or EIN#, if applicable:

EIN#: 42-1445181

SSN#: \_\_\_\_\_

5. Type of organization: Corporation ☒ Partnership ☐ Individual ☐ Sole Proprietorship ☐ Foreign ☐

6. If corporation, indicate in which state: IOWA Date incorporated? 9/12/1995  
(Record additional corporation and/or company data on reverse side)

7. Does any state of Iowa employee hold an office as Principal, Director, Partner, or hold any remunerative position in this Company? YES ☐ (List names, positions & agencies on reverse side) NO ☒

8. Indicate on the attached commodity list, the classes of equipment, supplies, material and/or services on which you desire to bid/sell:

# ITQ Response for Information Technology Services

9. Specific brand names of items handled: N/A (Please attach separate list)

10. Type of business (Check more than one if applicable):

- |                                |       |                            |                                     |
|--------------------------------|-------|----------------------------|-------------------------------------|
| A. Manufacturer or producer    | _____ | E. Service Establishment   | <input checked="" type="checkbox"/> |
| B. Dealer with inventory stock | _____ | F. Professionally Licensed | _____                               |
| C. Construction concern        | _____ | G. Foreign                 | _____                               |
| D. Distributor                 | _____ | H. Other (Define)          | _____                               |

11. Type of operation (Check more than one if applicable):

- A. Is your firm located in Iowa? Yes
- B. Are you a single management concern (not a branch or subsidiary of another firm)? Yes
- C. Gross receipts/sales last year: \$ 9,100,000
- D. Number of employees: Company-wide 85 in Iowa 85
- E. Are you a minority- or disadvantaged-owned concern, at least 51 percent owned, controlled and actively managed by one or more minorities or, if a publicly-owned concern, at least 51 percent of the stock owned by one or more minorities? Yes
- F. Are you a woman-owned concern, at least 51 percent owned, controlled and actively managed by one or more women or, if a publicly-owned concern, at least 51 percent of the stock owned by one or more women? No
- G. If you are a Targeted Small Business (TSB), are you currently certified with the Iowa Department of Inspections and Appeals? Yes

12. Company Contact Person(s):

NAME	Official Position	Telephone Number
<u>SCOTT HINKLE</u>	<u>CEO</u>	<u>(515) 309 - 6334</u>
<u>KAY KIEFER</u>	<u>DELIVERY MANAGER</u>	<u>(515) 309 - 6022</u>
_____	_____	<u>( ) - </u>

13. Bank Reference: BANK OF AMERICA, BECKY GIBSON  
Address: 317 6TH AVE, DES MOINES, IA 50314-0817

14. The undersigned certifies that the information contained herein is correct. I understand that misrepresentation may be cause for removal from the qualified vendor list and any other penalties allowed by law. Further I affirm that the undersigned company's employment practices do not discriminate because of age, race, creed, color, sex, national origin, religion, or disability.

Firm ABC VIRTUAL COMMUNICATIONS, INC.

Signed Scott Hinkle

Print Name: SCOTT HINKLE

Title: CEO

Business number: (515) 309 - 6334

Toll free number: ( ) -  Date: 7/16/2002

FAX number: (515) 321 - 8867

E-mail Address: shinkle@abcv.com

# ITQ Response for Information Technology Services

<b>Form W-9</b> (Rev. January 2002) Department of the Treasury Internal Revenue Service	<b>Request for Taxpayer Identification Number and Certification</b>	<b>Give form to the requester. Do not send to the IRS.</b>					
Print or type See Specific Instructions on page 2.	Name <b>ABC VIRTUAL COMMUNICATIONS, Inc.</b>						
	Business name, if different from above						
	Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other <input type="checkbox"/> Exempt from backup withholding						
	Address (number, street, and apt. or suite no.) <b>1501 50TH STREET, SUITE 200</b>	Requester's name and address (optional)					
	City, state, and ZIP code <b>WEST DES MOINES, IA 50266</b>						
List account number(s) here (optional)							
<b>Part I Taxpayer Identification Number (TIN)</b>							
<p>Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). <b>However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 2.</b> For other entities, it is your employer identification number (EIN). If you do not have a number, see <b>How to get a TIN</b> on page 2.</p> <p><b>Note:</b> If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.</p>							
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="text-align: center;">Social security number</td></tr><tr><td style="text-align: center;">               </td></tr><tr><td style="text-align: center;">or</td></tr><tr><td style="text-align: center;">Employer identification number</td></tr><tr><td style="text-align: center;">4 2 1 1 4 4 5 1 8 1</td></tr></table>			Social security number		or	Employer identification number	4 2 1 1 4 4 5 1 8 1
Social security number							
or							
Employer identification number							
4 2 1 1 4 4 5 1 8 1							
<b>Part II Certification</b>							
<p>Under penalties of perjury, I certify that:</p> <ol style="list-style-type: none"><li>The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), <b>and</b></li><li>I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, <b>and</b></li><li>I am a U.S. person (including a U.S. resident alien).</li></ol> <p><b>Certification instructions.</b> You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)</p>							
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 10%; vertical-align: top;"><b>Sign Here</b></td><td style="width: 40%; vertical-align: bottom;">Signature of U.S. person <b>J. S. Hinder</b></td><td style="width: 50%; vertical-align: bottom;">Date <b>7/11/2002</b></td></tr></table>			<b>Sign Here</b>	Signature of U.S. person <b>J. S. Hinder</b>	Date <b>7/11/2002</b>		
<b>Sign Here</b>	Signature of U.S. person <b>J. S. Hinder</b>	Date <b>7/11/2002</b>					
<b>Purpose of Form</b>							
<p>A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.</p> <p><b>Use Form W-9 only if you are a U.S. person</b> (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:</p> <ol style="list-style-type: none"><li>Certify the TIN you are giving is correct (or you are waiting for a number to be issued),</li><li>Certify you are not subject to backup withholding, or</li><li>Claim exemption from backup withholding if you are a U.S. exempt payee.</li></ol> <p><b>If you are a foreign person, use the appropriate Form W-8.</b> See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.</p> <p><b>Note:</b> If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.</p>							
<p><b>What is backup withholding?</b> Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments after December 31, 2001 (29% after December 31, 2003). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.</p> <p>You will <b>not</b> be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.</p> <p><b>Payments you receive will be subject to backup withholding if:</b></p> <ol style="list-style-type: none"><li>You do not furnish your TIN to the requester, or</li><li>You do not certify your TIN when required (see the Part II instructions on page 2 for details), or</li><li>The IRS tells the requester that you furnished an incorrect TIN, or</li><li>The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or</li></ol> <p><b>5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).</b></p> <p>Certain payees and payments are exempt from backup withholding. See the instructions on page 2 and the separate <b>Instructions for the Requester of Form W-9.</b></p>							
<b>Penalties</b>							
<p><b>Failure to furnish TIN.</b> If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.</p> <p><b>Civil penalty for false information with respect to withholding.</b> If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.</p> <p><b>Criminal penalty for falsifying information.</b> Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.</p> <p><b>Misuse of TINs.</b> If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.</p>							
Cat. No. 10231X <span style="float: right;">Form <b>W-9</b> (Rev. 1-2002)</span>							

## APPENDIX A – AUDITED FINANCIAL STATEMENT

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2500 Ruan Center  
666 Grand Avenue  
Des Moines, IA 50309

### Independent Auditors' Report

The Board of Directors  
ABC Virtual Communications, Inc.:

We have audited the accompanying balance sheets of ABC Virtual Communications, Inc. as of December 31, 1999 and 1998 and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Virtual Communications, Inc. as of December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

**KPMG LLP**

May 11, 2000, except for note 6,  
which is as of November 6, 2000



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

# ITQ Response for Information Technology Services

## ABC VIRTUAL COMMUNICATIONS, INC.

### Balance Sheets

December 31, 1999 and 1998

<b>Assets</b>	<b>1999</b>	<b>1998</b>
Current assets:		
Cash	\$ 261,146	236,222
Trade receivables (notes 2 and 3)	278,210	442,935
Unbilled revenue	50,000	—
Other current assets	8,071	23,415
Total current assets	<u>597,427</u>	<u>702,572</u>
Property and equipment (notes 2 and 3):		
Land	92,050	92,050
Buildings and improvements	735,424	707,324
Equipment and software	630,638	434,727
Furniture and fixtures	82,669	57,775
	1,540,781	1,291,876
Less accumulated depreciation	<u>264,175</u>	<u>147,175</u>
Net property and equipment	<u>1,276,606</u>	<u>1,144,701</u>
Total assets	<u>\$ 1,874,033</u>	<u>1,847,273</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 82,780	43,913
Accrued expenses	223,570	225,519
Unearned revenue	116,390	81,365
Current portion of long-term debt (note 3)	148,765	140,542
Total current liabilities	571,505	491,339
Line of credit (notes 2 and 6)	250,000	—
Long-term debt (note 3)	<u>476,010</u>	<u>613,334</u>
Total liabilities	<u>1,297,515</u>	<u>1,104,673</u>
Stockholders' equity:		
Common stock, \$1 par value; authorized 100,000 shares; issued 3,000 shares	3,000	3,000
Retained earnings	960,899	1,126,981
Treasury stock, at cost (1,000 shares)	<u>(387,381)</u>	<u>(387,381)</u>
Total stockholders' equity	<u>576,518</u>	<u>742,600</u>
Total liabilities and stockholders' equity	<u>\$ 1,874,033</u>	<u>1,847,273</u>

See accompanying notes to financial statements.

# ITQ Response for Information Technology Services

---

## ABC VIRTUAL COMMUNICATIONS, INC.

### Statements of Operations

For the years ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Consulting services revenue	\$ <u>5,209,845</u>	<u>3,726,414</u>
Operating costs:		
Salaries and benefits	3,323,480	1,706,637
Professional services and consulting expenses	948,427	796,051
Marketing expenses	109,393	86,983
General and administrative expenses	<u>561,251</u>	<u>147,861</u>
Operating expense	<u>4,942,551</u>	<u>2,737,532</u>
Operating income	267,294	988,882
Interest expense, net	<u>33,376</u>	<u>41,319</u>
Net income	\$ <u><u>233,918</u></u>	<u><u>947,563</u></u>

See accompanying notes to financial statements.



# ITQ Response for Information Technology Services

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## ABC VIRTUAL COMMUNICATIONS, INC.

### Statements of Stockholders' Equity

For the years ended December 31, 1999 and 1998

	<u>Common stock</u>	<u>Retained earnings</u>	<u>Treasury stock</u>	<u>Total stockholders' equity</u>
Balance at December 31, 1997	\$ 3,000	329,418	—	332,418
Purchase of treasury stock			(387,381)	(387,381)
Distributions to stockholders	—	(150,000)	—	(150,000)
Net income	<u>—</u>	<u>947,563</u>	<u>—</u>	<u>947,563</u>
Balance at December 31, 1998	3,000	1,126,981	(387,381)	742,600
Distributions to stockholders	—	(400,000)	—	(400,000)
Net income	<u>—</u>	<u>233,918</u>	<u>—</u>	<u>233,918</u>
Balance at December 31, 1999	<u>\$ 3,000</u>	<u>960,899</u>	<u>(387,381)</u>	<u>576,518</u>

See accompanying notes to financial statements.

# ITQ Response for Information Technology Services

## ABC VIRTUAL COMMUNICATIONS, INC.

### Statements of Cash Flows

For the years ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Net income	\$ 233,918	947,563
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	141,686	91,348
Loss on sale of assets	22,972	—
Changes in:		
Trade receivables	164,725	(429,860)
Unbilled revenue	(50,000)	—
Other current assets	15,344	(10,368)
Unearned revenue	35,025	81,365
Accounts payable and accrued expenses	36,918	66,417
Total adjustments	366,670	(201,098)
Net cash provided by operating activities	600,588	746,465
Cash flows from investing activities:		
Purchase of property and equipment	(296,863)	(471,621)
Proceeds from sale of property and equipment	300	—
Net cash used in investing activities	(296,563)	(471,621)
Cash flows from financing activities:		
Distributions to stockholders	(400,000)	(150,000)
Purchase of treasury stock	—	(100,000)
Principal payments on long-term debt	(148,168)	(408,351)
Proceeds from issuance of long-term debt	269,067	531,000
Net cash used in financing activities	(279,101)	(127,351)
Net increase in cash	24,924	147,493
Cash at beginning of year	236,222	88,729
Cash at end of year	\$ 261,146	236,222
Supplemental disclosures of cash flows information – cash paid for interest	\$ 56,579	38,182
Supplemental disclosures of non-cash financing information:		
Long-term debt issued for treasury stock	\$ —	200,000
Liabilities assumed in exchange for treasury stock	—	87,381

See accompanying notes to financial statements.

## ABC VIRTUAL COMMUNICATIONS, INC.

### Notes to Financial Statements

December 31, 1999 and 1998

#### (1) Summary of Significant Accounting Policies

##### ***Company Operations***

ABC Virtual Communications, Inc. (the Company), an Iowa corporation, provides consulting services related to e-business and e-commerce primarily in the financial, insurance, and utilities industries. The Company has developed generic architectures and frameworks that can be customized to meet customer needs and integrated with existing software packages. During 1999 and 1998, 58% and 38%, respectively, of revenues were derived from consulting services to companies in the insurance industry, 14% and 36%, respectively, were from companies in other financial industries, and 16% and 19%, respectively, were from companies in the utility industry.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Business and Credit Concentration***

Total sales to the top three customers in 1999 approximated 38%, 17%, and 14%, respectively, of revenues. Approximately \$55,000 of accounts receivable at December 31, 1999 were due from these customers. One additional customer accounted for approximately 53% of accounts receivable at December 31, 1999.

Total sales to the top three customers in 1998 approximated 34%, 22%, and 19%, respectively, of revenues. Approximately \$305,000 of accounts receivable at December 31, 1998 were due from these customers. One additional customer accounted for approximately 26% of accounts receivable at December 31, 1998.

##### ***Property and Equipment***

Property and equipment are recorded at cost. Depreciation expense is provided by use of the straight-line method over 39 years on buildings and improvements, 5-7 years on equipment, furniture, and fixtures, and over 3 years on software.

##### ***Revenue Recognition***

Revenue is comprised primarily of time and materials for consulting services, and is recognized as services are performed.

In 1999 the Company entered into a significant, fixed-price development contract with one customer to develop, deliver, and integrate a series of software applications. The Company accounts for this project using the percentage-of-completion method of contract accounting. The total anticipated contract costs are revised regularly based on changing conditions and experience to date. Current estimates indicate an anticipated loss on the contract which has been provided for at December 31, 1999. Total revenues recognized in 1999 were \$350,000 and total related expenses of \$688,000 were included in salaries and benefits in the statement of operations.

# ITQ Response for Information Technology Services

## ABC VIRTUAL COMMUNICATIONS, INC.

### Notes to Financial Statements

December 31, 1999 and 1998

#### **Research and Development**

Cost incurred in research and development are expensed in the period incurred, and are primarily included in salaries and benefits in the statement of operations.

#### **Income Taxes**

No provision for income taxes has been made in the financial statements as the stockholders have elected to be taxed individually for the earnings of the Company under the provisions of the Internal Revenue Code regulating small business corporations (Subchapter S).

#### **(2) Line of Credit**

The Company has a \$600,000 operating line of credit expiring May 31, 2000 (see note 6) with an interest rate of .25% below the bank's prime rate. Borrowing under this line of credit is limited to an amount equal to 80% of eligible accounts receivable. This line of credit agreement contains certain compliance covenants and is secured by a priority security interest in all accounts receivable, inventory, equipment, and general intangibles owned or hereafter acquired by the Company. The line of credit is also guaranteed by two owners and officers of the Company. The Company was not in compliance with certain of its compliance covenants and exceeded the borrowing base limit at December 31, 1999. The Company received the necessary waivers for its noncompliance and borrowing base excess.

At December 31, 1998, the Company had a \$500,000 operating line of credit with similar terms to the existing agreement. There were no borrowings outstanding on the line of credit at December 31, 1998.

#### **(3) Long-term Debt**

Long-term debt consists of the following:

	<b>Interest rates at December 31</b>	<b>1999</b>	<b>1998</b>
Term note (A)	8.80 %	\$ 232,633	241,745
Term note (B)	6.19	171,191	176,221
Term note (C)	8.35	109,351	135,910
Note with former owner (D)	—	100,000	200,000
Other	<u>13.98</u>	<u>11,600</u>	<u>—</u>
		624,775	753,876
Less current installments		<u>148,765</u>	<u>140,542</u>
		<u>\$ 476,010</u>	<u>613,334</u>

## ABC VIRTUAL COMMUNICATIONS, INC.

### Notes to Financial Statements

December 31, 1999 and 1998

- (A) The term note with a bank is due in equal monthly installments of principal and interest of \$2,502 through December 1, 2012. The note is secured by certain real property with an undepreciated cost of approximately \$827,000 at December 31, 1999. The note is also guaranteed by two owners and officers of the Company.
- (B) The term note with the Small Business Administration is due in equal monthly installments of principal and interest of \$1,576 through January 1, 2018. This note is guaranteed by two owners and officers of the Company.
- (C) This term note with a bank is due in equal monthly installments of principal and interest of \$3,075 through May 1, 2003. This note is secured by the same assets as the line of credit in note 2, and is guaranteed by two owners and officers of the Company.
- (D) This note is due to a former owner of the Company, is non-interest bearing, and the principal balance due on June 15, 2000. Should the Company fail to make any of the scheduled payments, a 10% interest rate will be assessed on the past due balance.

Maturities of long-term debt during each of the next five years are: 2000, \$148,765; 2001, \$50,947; 2002, \$55,516; 2003, \$34,776; and 2004, \$20,918.

#### (4) Defined Contribution Plan

The ABC Virtual Communication, Inc. Retirement Plan (Plan) was established as a retirement plan for all employees who meet the Plan's length of service and other eligibility requirements. Eligible employees may make contributions to the Plan of up to 15% of their eligible wages, subject to certain limitations. The Company contributed \$0 and \$100,000 to the Plan during 1999 and 1998, respectively.

#### (5) Stockholders' Equity

In July 1998 the Company repurchased 1,000 shares of its common stock. In exchange for the common stock, the Company paid cash of \$100,000, issued a \$200,000 promissory note, and agreed to pay certain liabilities of the former owner totaling \$87,381.

Of the 1,000 shares held in treasury, 334 shares are restricted in distribution until the final payment on the note with a former owner is made on June 15, 2000.

## ABC VIRTUAL COMMUNICATIONS, INC.

### Notes to Financial Statements

December 31, 1999 and 1998

#### (6) Subsequent Events

During January 2000 the Company obtained short-term financing from its two stockholders in the form of promissory notes totaling \$140,000. These notes are due on demand, and bear interest at 8% annually. During March 2000, the Company obtained additional notes totaling \$90,000 from its stockholders with the same terms and a \$50,000 note from an officer of the Company bearing interest at 11% annually.

On October 11, 2000, the shareholders approved a resolution to declare a 5,000 to 1 stock split effected in the form of a dividend. In conjunction with the stock split, the shareholders also approved a resolution to increase authorized shares to 30 million.

On October 11, 2000 the shareholders approved a resolution to adopt a Nonqualified Stock Option Plan. The Plan provides that options granted shall not exceed 20% of outstanding shares. No stock options have been awarded through November 6, 2000.

Following a series of month-to-month extensions of the company's line of credit (see note 2), on November 6, 2000, the Company signed an agreement for a new \$600,000 line of credit through June 30, 2001. The new agreement provides for the same borrowing base limit and security interest; however, the new agreement modified the Company's compliance covenants and borrowing base interest to .25% above the bank's prime rate.